

SENATE BILL No. 574

DIGEST OF INTRODUCED BILL

Citations Affected: IC 13-11-2-177.3; IC 13-18.

Synopsis: Drinking water and wastewater loan funds. Provides that money in the wastewater revolving loan fund may be used to purchase obligations issued by the Indiana development finance authority to provide loans and financial assistance for wastewater collection and treatment systems that are not owned by political subdivisions. Provides that money in the drinking water revolving loan fund may be used to purchase obligations issued by the Indiana development finance authority to provide loans and financial assistance to public water systems that are not owned by political subdivisions. Makes conforming changes. (Under current law each fund can only be used to benefit a political subdivision.)

Effective: July 1, 1999.

Simpson

January 20, 1999, read first time and referred to Committee on Environmental Affairs.



C
o
p
y

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 574

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 13-11-2-177.3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 177.3. "Public water
3 system", for purposes of ~~IC 13-18-21-22 through IC 13-18-21-29~~,
4 **IC 13-18-21**, means a system for the provision to the public of water
5 for human consumption through pipes or other constructed
6 conveyances that:
7 (1) has at least fifteen (15) service connections; or
8 (2) regularly serves at least twenty-five (25) individuals.
9 SECTION 2. IC 13-18-13-2 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The wastewater
11 revolving loan fund is established to provide money for loans and other
12 financial assistance ~~to or for the benefit of political subdivisions~~ under
13 this chapter **as allowed by the federal Clean Water Act**.
14 (b) The general assembly may appropriate money to the fund.
15 Grants or gifts of money to the fund from the federal government or
16 other sources and the proceeds of the sale of:
17 (1) gifts to the fund; and



(2) loans and other financial assistance, as provided in sections 10 through 14 of this chapter; shall be deposited in the fund.

(c) Repayments of loans and other financial assistance, including interest, premiums, and penalties, shall be deposited in the fund.

(d) The treasurer of state shall invest the money in the fund that is:

(1) not currently needed to meet the obligations of the fund; and

(2) not invested under subsection (e);

in the same manner as other public money may be invested. Earnings that accrue from these investments shall be deposited in the fund.

(e) As an alternative to subsection (d), the budget agency may invest or cause to be invested all or a part of the fund in a fiduciary account or accounts with a trustee that is a financial institution. Notwithstanding any other law, any investment may be made by the trustee in accordance with at least one (1) trust agreement or indenture. A trust agreement or indenture may permit disbursements by the trustee to:

(1) the department;

(2) the budget agency;

(3) a political subdivision;

(4) the Indiana bond bank; or

(5) any person to which the department, the budget agency, or a political subdivision is obligated, as provided in the trust agreement or indenture.

The state board of finance must approve any trust agreement or indenture before execution.

(f) Except as provided in the federal Clean Water Act, the cost of administering the fund may be paid from the fund.

(g) All money accruing to the fund is appropriated continuously for the purposes specified in this chapter.

(h) Money in the fund does not revert to the state general fund at the end of a state fiscal year.

SECTION 3. IC 13-18-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. Money in the fund may be used to do the following:

(1) Provide loans or other financial assistance to political subdivisions for the planning, designing, construction, renovation, improvement, or expansion of wastewater collection and treatment systems and other activities necessary or convenient to complete these tasks.

(2) Purchase obligations issued by the Indiana development finance authority for the purpose of providing loans or other



1 financial assistance for the planning, designing, construction,
 2 renovation, improvement, or expansion of wastewater
 3 collection and treatment systems that are not owned by
 4 political subdivisions and other activities necessary or
 5 convenient to complete these tasks.

6 ~~(2)~~ (3) Pay the cost of administering the fund and the program.

7 ~~(3)~~ (4) Conduct all other activities that are permitted by the
 8 federal Clean Water Act.

9 SECTION 4. IC 13-18-21-2 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The drinking
 11 water revolving loan fund is established to provide money for loans and
 12 other financial assistance under this chapter ~~to or for the benefit of~~
 13 ~~political subdivisions;~~ **as allowed by the federal Safe Drinking**
 14 **Water Act (42 U.S.C. 300f et seq.)** including forgiveness of principal
 15 if allowed under federal law.

16 (b) The general assembly may appropriate money to the fund.
 17 Grants or gifts of money to the fund from the federal government or
 18 other sources and the proceeds of the sale of:

19 (1) gifts to the fund; and

20 (2) loans and other financial assistance, as provided in sections 10
 21 through 14 of this chapter;
 22 shall be deposited in the fund.

23 (c) Repayments of loans and other financial assistance, including
 24 interest, premiums, and penalties, shall be deposited in the fund.

25 (d) The treasurer of state shall invest the money in the fund that is:

26 (1) not currently needed to meet the obligations of the fund; and

27 (2) not invested under subsection (e);

28 in the same manner as other public money may be invested. Earnings
 29 that accrue from these investments shall be deposited in the fund.

30 (e) As an alternative to subsection (d), the budget agency may invest
 31 or cause to be invested all or part of the fund in a fiduciary account or
 32 accounts with a trustee that is a financial institution. Notwithstanding
 33 any other law, an investment may be made by the trustee in accordance
 34 with at least one (1) trust agreement or indenture. A trust agreement or
 35 indenture may allow disbursements by the trustee to:

36 (1) the department;

37 (2) the budget agency;

38 (3) a political subdivision;

39 (4) the Indiana bond bank; or

40 (5) any person to which the department, the budget agency, or a
 41 political subdivision is obligated, as provided in the trust
 42 agreement or indenture.



The state board of finance must approve any trust agreement or indenture before execution.

(f) Except as provided in the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.), the cost of administering the fund and the program may be paid from the fund or from four percent (4%) of the money allotted to the state under 42 U.S.C. 300j-12.

(g) All money accruing to the fund and money allotted to the state under 42 U.S.C. 300j-12 is appropriated continuously for the purposes specified in this chapter.

(h) Money in the fund does not revert to the state general fund at the end of a state fiscal year.

SECTION 5. IC 13-18-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Money in the fund may be used to do the following:

(1) Provide loans or other financial assistance to political subdivisions for the:

- (A) planning;
- (B) designing;
- (C) construction;
- (D) renovation;
- (E) improvement;
- (F) expansion; or
- (G) any combination of clauses (A) through (F);

for drinking water systems that will facilitate compliance with national primary drinking water regulations applicable to drinking water systems under the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.) or otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.) and other activities necessary or convenient to complete these tasks.

(2) Purchase obligations issued by the Indiana development finance authority for the purpose of providing loans or other financial assistance to public water systems that are not owned by political subdivisions for the:

- (A) planning;**
- (B) designing;**
- (C) construction;**
- (D) renovation;**
- (E) improvement;**
- (F) expansion; or**
- (G) any combination of clauses (A) through (F);**

for drinking water systems that will facilitate compliance with



1 **national primary drinking water regulations applicable to**
 2 **drinking water systems under the federal Safe Drinking**
 3 **Water Act (42 U.S.C. 300f et seq.) or otherwise significantly**
 4 **further the health protection objectives of the federal Safe**
 5 **Drinking Water Act (42 U.S.C. 300f et seq.) and other**
 6 **activities necessary or convenient to complete these tasks.**

7 ~~(2)~~ (3) Except as provided in the federal Safe Drinking Water Act
 8 (42 U.S.C. 300f et seq.), pay the cost of administering the fund
 9 and the program.

10 ~~(3)~~ (4) Conduct all other activities that are allowed by the federal
 11 Safe Drinking Water Act (42 U.S.C. 300f et seq.).

12 (b) Notwithstanding section 2(g) of this chapter, if appropriated by
 13 the general assembly and an adequate state match is available, the
 14 department and the budget agency shall use two percent (2%) of the
 15 funds allotted to the state under 42 U.S.C. 300j-12 to provide technical
 16 assistance to political subdivisions serving not more than ten thousand
 17 (10,000) persons in Indiana. The department and the budget agency
 18 may jointly contract with a person or persons to provide the technical
 19 assistance. Funds used under this subsection may not be used for
 20 enforcement actions.

21 (c) To the extent permitted by this chapter, fifteen percent (15%) of
 22 the amount credited to the fund in a state fiscal year shall be available
 23 solely for providing loan assistance to public water systems, as
 24 contemplated by the federal Safe Drinking Water Act (42 U.S.C. 300f
 25 et seq.), that regularly serve less than ten thousand (10,000) persons in
 26 Indiana, to the extent that the money can be obligated for eligible
 27 projects of public water systems.

28 (d) To avoid the loss of money allotted to the state under 42 U.S.C.
 29 300j-12 et seq., the budget agency and the department shall develop
 30 and implement a strategy to assist public water systems in acquiring
 31 and maintaining technical, managerial, and financial capacity as
 32 contemplated by 42 U.S.C. 300g-9. This is all the legal authority
 33 required by the state for the budget agency and the department to
 34 ensure that all new community water systems and new nontransient,
 35 noncommunity water systems, as contemplated by the federal Safe
 36 Drinking Water Act (42 U.S.C. 300f et seq.), commencing operations
 37 after October 1, 1999, demonstrate technical, managerial, and financial
 38 capacity with respect to each federal primary drinking water regulation
 39 in effect on the date operations commence. The department has primary
 40 responsibility to carry out this subsection.

